

Message Text

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ACTION L-03

INFO OCT-01 EUR-12 ISO-00 CIAE-00 PM-05 INR-10 ACDA-12
NSAE-00 PA-01 SS-15 SP-02 ICA-11 TRSE-00 /072 W
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R 271335Z JUN 78
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2869
SECDEF WASHDC
INFO AMEMBASSY BONN
AMEMBASSY LONDON
USMISSION USNATO
USDOCOCENT BRUNNSUM
32ND TFS CNA
USNMR SHAPE
CINCUSAREUR HEIDELBERG
CINCUSAFE RAMSTEIN
USCINCEUR VAIHINGEN GE

C O N F I D E N T I A L THE HAGUE 3519

STATE FOR L/SFP
32DN TFS FOR NL/JA
USAREUR FOR AEAJA/IA
USAFE FOR JACI
USDOCOCENT FOR MG WHITLATCH

E.O. 11652: GDS
TAGS: MARR NATO NL
SUBJECT: TAX EXEMPTION OF MILITARY HEADQUARTERS AND PERSONNEL:
THE DUTCH AND AFCENT

REF: USNATO 6254 (211425 JUN 78) (NOTAL)

1. THIS EMBASSY SUPPORTS USNATO'S VIEW (REFTEL) THAT THE
JULY 6-7 MEETING OF THE AD HOC COMMITTEE ON TAX EXEMPTION
IS CRITICAL AND THAT US PARTICIPATION WILL BE IMPORTANT. WE
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KNOW FROM OUR DISCUSSIONS WITH DUTCH OFFICIALS REGARD-
ING THE PROBLEMS CAUSED BY THE IMPOSITION OF THE WATER
POLLUTION LEVY ON AFCENT PERSONNEL THAT THIS IS A
DIFFICULT AND COMPLEX SUBJECT.

2. A LETTER OF JUNE 12 TO THE CHARGE FROM THE SENIOR US
REP AT AFCENT (MG WHITLATCH) REQUESTED THE EMBASSY'S ASSIST-

ANCE IN SEEKING GON AGREEMENT TO CONTINUE TO DEFER COLLECTION OF THIS LEVY UNTIL THE QUESTION OF ITS APPLICABILITY HAS BEEN DECIDED AT NATO LEVEL. WE DISCUSSED THIS JUNE 27 WITH MFA ASSISTANT LEGAL ADVISER MAAS-GEESTERANUS (WHO IS THE DUTCH REPRESENTATIVE TO THE AD HOC COMMITTEE.) WE EMPHASIZED THAT WE WERE RAISING THE SUBJECT AND SEEKING AN INFORMAL DECISION TO DEFER COLLECTION BECAUSE OF THE POSSIBILITY OF UNPLEASANT CONFRONTATIONS BETWEEN LOCAL DUTCH OFFICIALS AND US PERSONNEL. WE SAID WE WERE AWARE THAT DUTCH AND US LEGAL EXPERTS HAD DIFFERENT VIEWS ON THE APPLICABILITY OF THE LEVY BUT UNTIL THAT QUESTION WERE FINALLY DECIDED WE SHOULD TAKE BILATERAL STEPS TO AVOID LOCAL DIFFICULTIES. MAAS-GEESTERANUS SAID HE WOULD DISCUSS THE MATTER WITH MINISTRY OF FINANCE COLLEAGUES AND BE BACK IN TOUCH WITH US, HOPEFULLY BEFORE THE JULY 6 MEETING OF THE AD HOC COMMITTEE.

3. MAAS-GEESTERANUS WENT ON TO DISCUSS THE PRECEDENT-SETTING ASPECT OF THE LEVY IMPOSED ON AFCENT PERSONNEL. THE AD HOC COMMITTEE PARTICIPANTS ARE AWARE THAT THE FRG IS CONSIDERING LEGISLATION WHICH WOULD IMPOSE SIMILAR LEVIES ON THE PERSONNEL AND HEADQUARTERS OF FORCES STATIONED IN GERMANY. THE AMOUNTS INVOLVED WOULD BE MUCH GREATER THAN THOSE AT AFCENT. HE REFERRED TO THE DUTCH LEVY AS "THE INITIAL SKIRMISH IN A MUCH LARGER BATTLE." FOR THAT REASON, HE BELIEVES IT POSSIBLE THAT THE COMMITTEE MAY NOT REACH A

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FINAL DECISION NEXT WEEK, THAT THE FINAL DECISION MAY HAVE TO BE TAKEN BY THE NAC, AND THAT THE RESOLUTION OF THIS MATTER MAY TAKE SOME MONTHS YET. IN THAT REGARD, HE POINTED OUT THAT EVEN IF THE DUTCH AUTHORITIES FIND IT POSSIBLE TO DEFER COLLECTION OF THE LEVY, US PERSONNEL AND HEADQUARTERS SHOULD BE AWARE THAT IF THE DECISION IS FINALLY REACHED THAT THE LEVY IS APPLICABLE, THERE WILL BE A CONSIDERABLE BILL TO BE PAID FOR RETROACTIVE ACCOUNTS, INASMUCH AS THE LEVY WAS FIRST INSTITUTED SOME THREE YEARS AGO.

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